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For Immediate Release

DATE: September 23, 2005

HOLLYWOOD PRODUCER ARRESTED IN INVESTMENT SCAM RELATING TO PHONY TELEVISION SERIES ABOUT THE DEPARTMENT OF HOMELAND SECURITY

Joseph M. Medawar, 43, was arrested this morning by Special Agents of the Federal Bureau of Investigation and the Internal Revenue Service on charges arising from an investment scam in which he claimed to investors that his company, Steeple Entertainment, was producing a television series based on the Department of Homeland Security, announced United States Attorney Debra Yang, FBI Special Agent in Charge Randy Parsons and IRS Special Agent in Charge Michael Kochmanski.

According to a complaint filed in U.S. District Court in the Central District of California, Medawar told investors that his show, entitled "DHS," had the endorsement of President George W. Bush and the real Department of Homeland Security, and that he had contracts to distribute the show in 137 overseas markets. Medawar also told investors that Steeple Entertainment would go public in the near future at a per share price significantly higher than that being paid by investors. A significant number of investors were members of local Christian churches, including Desert Bloom Ministries in Whittier, California, according to the complaint.

The complaint alleges that only a tiny fraction of investor funds were spent by Medawar on anything related to production. In addition, Medawar did not have the endorsement of President Bush or the real Department of Homeland Security. On the contrary, Medawar had been told specifically by the actual Department of Homeland Security that he did not have permission to use their name or official seal; had no contracts with overseas markets; and was never in a position to go public.

The vast majority of investor funds were diverted to support the lavish lifestyle of Medawar and his longtime associate, Alison Heruth-Waterbury, according to the complaint. Expenditures of investor funds for Medawar, Heruth-Waterbury, and others included residential rent of \$40,000 per month for a \$6.6 million mansion in Beverly Hills for Heruth-Waterbury; luxury automobiles including a Hummer, a Thunderbird, a Jaguar XJR, and a Mercedes CLK 320; clothing from boutiques such as Prada, Nicole Miller, and Umberto Mens Beverly Hills; meals at exclusive restaurants including the Peninsula Hotel in Beverly Hills, Mastros Steakhouse in Beverly Hills, and Eurochow in Westwood; memberships at the Sports Club LA; and extensive cash withdrawals.

Beginning as early as May 2003 through the present, Medawar raised more than \$5.5 million from more than 70 investors. Misrepresentations to investors were made directly by Medawar and others on his behalf, as well as through various web sites including www.dhstheseries.tv and www.steepledistributions.com.

The criminal complaint unsealed today charges Medawar with mail fraud, as well as with obstruction of justice for creating false documents and providing them to federal investigators.

Medawar was taken into custody this morning in Century City without incident and is expected to make his first court appearance this afternoon in United States District Court in Los Angeles.

A criminal complaint contains allegations that a defendant has committed a crime. Every defendant is presume innocent until and unless proven guilty.

This case is the result of a joint investigation by the Federal Bureau of Investigation and the Internal Revenue Service, Criminal Investigation Division.

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